



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

## COMMERCE WITH SOUTH AMERICA<sup>1</sup>

---

Our trade relations with South America have latterly again become a popular subject and the newspapers present daily articles on "our neglected opportunities" there. The average reader is led to believe that all South America is still a virgin field for the American merchant and manufacturer, that the trade has been idly abandoned to our European rivals, that we should really now go in and take the lion's share of the business, which is to be had for little more than the asking, and that the peoples of our southern continent are really only just waiting for us to discover them and supply all their needs. The press tells us that these neighbors are eager for American goods, in preference to all others, but do not know how to get our articles.

Then there are those who write a book hastily to inform us authoritatively on the situation. Their hearsay facts are generally more worthy of the fiction shelf than of being spread broadcast as verities.

Some misleading reports have been prepared by men commissioned to submit carefully ascertained facts. A hasty trip through a country can yield but superficial knowledge and casual evidence, yet information so obtained is freely set forth as authentic, often to the intense astonishment of those who have long resided in the country which is made the subject of report. There are also many self-constituted authorities, who print or speak similar vagaries. So recently as February there was published an address in which it was implied that goods for Buenos Aires must still be shipped via England! Also that Callao (Peru) is "an exposed open roadstead where ships must anchor off the surf and unload into barges tossing and heaving on a rolling swell," the truth being that it is a fine harbor, with magnificent stone docks, within which a large fleet of vessels may enjoy all modern facilities for discharge direct to railway cars. Indeed, Callao is by far the best equipped port on all that coast. It was also stated as a fact that "the business integrity of the Spanish-American is so high that he very seldom fails to

<sup>1</sup> It is the general policy of the Academy not to publish anonymous articles, but there are special reasons in the case of this article for complying with the wish of the author.

pay." And yet the author of the article referred to poses as having traveled intelligently throughout South America.

Again, we constantly read reports from the United States consuls, chiding us for our neglect of those markets, where golden opportunities cry out to us and yet pass unheeded. We are charged with indifference to trade of all sorts, trade that is immensely profitable, trade that is workable on wholly safe lines. Consuls are not situated to fully appreciate the financial and other manifold responsibilities which underlie many of the undertakings that, to them, may seem just like out-and-out business propositions; yet these, upon closer inspection, often turn out to be either impracticable, or else lack the necessary funds to carry them through.

So consular reports should not be taken as the forerunner of trade, nor the creator of trade. They are likely to deal more accurately with what has already taken place, or be reviews on the general situation, or else afford statistical information. This statement refers to consular reports generally, not alone those from our own representatives. The consul cannot be expected to enjoy the inner confidences of the local business man, nor be hourly informed on commercial and financial movements.

It is a mistake to regard South America collectively, for no two of the fourteen countries have the same currency, and they vary widely as to climatic and other conditions. Some have large expanses of plain, while others are principally mountainous, ranging up to plateaus of 12,000 feet; and instances where we find their most important towns at altitudes of 7,000 to 13,000 feet are numerous. Here at home we pay due regard to the fact that conditions in Arizona are radically different from those of Maine and that the Dakotas do not want just the same goods as are required by Florida.

Again, distances in those countries are great, and forms of transportation are varied; but, for the major part, cart-roads are still of the primitive sort and in many places even these are almost impassable. Except for the southerly part of the continent, there is as yet no great railway development.

Then, except for a few favored harbors, which are almost wholly on the Atlantic side, the so-called "ports" are little better than

open roadsteads in many of which the ship is really at anchor on the high sea. This subjects her to the ocean swell which, especially on the Pacific coast, causes such heavy movement that, even in normal times, the uninitiated observer may well wonder how the handling of cargoes is at all possible. When the long swell sets in heavily, at certain seasons of the year, the career of the vessel is almost like that of a log and it is only with consummate skill that the native laborers can handle the lighters bobbing wildly alongside.

Each of these countries must be considered separately, but cannot be treated *in extenso* in such a paper as this. With special reference to the Pacific side, we find that:

Chile is unique in conformation, having nearly 3,000 miles of sea coast and a back country which averages only about 100 miles in width. Walled in physically by the lofty Andes, it must ever be regarded as a country of only north-and-south, and so must be served through its innumerable ports rather than from any land center. With a population of about 3,500,000 people, it is a wonderfully large consumer of foreign articles. It may be roughly divided into three zones: the southern, embracing the old Patagonian territory on the Straits of Magellan, and the long strip of wet, desolate and almost uninhabited country up to the latitude of Puerto Montt; the central zone, from Puerto Montt to Coquimbo, is the really developed section of Chile, being rich in agricultural and pastoral pursuits, and blest with a beneficent climate. Irrigation is carried out very thoroughly; from Coquimbo to Arica, constituting what we may call the northern zone, is practically all arid country, but rich in mineral resources, and contains the only commercial supply of nitrate of soda, of which very important article about 2,500,000 tons is now annually exported to all parts of the world.

Bolivia lost her seacoast when warring with Chile, thirty years ago, so it is now an inland nation. The population is estimated from 1,500,000 to 2,000,000 but consists so largely of Indians, and mostly in such remote regions, that no reliable census is possible. The country's principal cities are on the high plateaus of the Andes, at great altitudes. This is the only region of much development, and railway construction there is now active. It is very rich in silver, copper and tin, and holds out prospect of great mining operations in the future. The production of tin has been rapidly increasing

and Bolivia promises to become the chief source of supply for the world. The easterly part of the country, on the tributaries of the Amazon and other great interior rivers, is practically inaccessible from the Pacific and its only development has been in the rubber districts.

Peru offers the combination of a long seacoast, to which many fertile valleys are tributary; and her immense regions on the easterly slope of the Andes will undoubtedly undergo great developments, as the means of communication with the interior are gradually opened up. The population is roughly estimated as somewhere between 2,000,000 and 2,500,000, including the remote native tribes. Her great sugar estates are all under irrigation, and the cutting of the cane is carried on through practically each month of the year, while most other sugar countries are limited to a short harvesting season. In mining wealth, she is proverbial. And she produces a peculiar long-stapled-rough cotton not to be had elsewhere.

Ecuador is essentially a tropical country and still in the very early stages of development. The population is difficult to estimate, but is probably about 1,500,000, mostly of the Indian race. Her products are principally of the tropical sort, with cocoa in the lead. The trans-andean region is little known, but offers much for the future.

These countries of the Pacific slope offer many mountain streams suitable for electrical power purposes, but there is a lack of markets for the power so obtained. In most cases the necessary money investment could not find sufficient consumers to support it. The notable exceptions are Santiago (in Chile) and Lima (in Peru). The latter has, under American auspices, undergone a development, for trolley and industrial purposes, which has no equal in all South America.

Each country has its industrial enterprises, according to local conditions, but, along the west coast, Chile has by much the lead in its variety of manufactures, although Peru is decidedly to the front in the making of coarse cotton goods. Railway and mining developments are really the great hopes of nearly all that part of the coast to the north of central Chile.

It is already a threadbare platitude that "the trade follows the flag," in so far as dealing with foreign markets is concerned; and,

in parallel, is the rather wearisome chant by certain interests, and by unthinking persons who join in the chorus, that our commerce with South America languishes simply because we absolutely lack frequent and cheap communication.

It is frequently asserted, sometimes by those who should know better, that we cannot ship goods to distant ports of South America, unless via Europe for trans-shipment thence by the numerous lines plying to all parts. The misleading and even untruthful nature of such statements is shown when we consider the facts. Taking the calendar year 1910, it will be found that from the port of New York alone, steamers were despatched as follows:

For	Regular lines.	Monthly sailings.	Annual sailings.
Brazilian ports .....	5	8 to 12	about 125
River Plate ports .....	6	10 to 12	about 125
Chilean and Peruvian ports, via Magellan.....	3	3 to 4	about 40

So it will be seen that the trade is not hampered by infrequency of sailings, and the various companies operating these great fleets are all only too ready to still further increase their tonnage, to satisfy any temporary or permanent demand. In fact, having regard for the volume of cargo available, these countries are already relatively as well served from New York as are the principal ports of Europe and Asia.

Nearly all the boats for Brazil, as well as those for the River Plate, accommodate passengers, and some of the lines operate excellent passenger boats on good schedule time. So it is no longer necessary to travel via Europe, except for those travelers who wish to spend more time and more money, because they like to take in the pleasures of London and Paris en route. In addition, many steamers and sailing vessels were loaded from our South Atlantic and Gulf ports, carrying principally whole cargoes of lumber, rails, refined petroleum, etc., etc.

Between our own Pacific coast and the countries on the South Pacific, there is also a considerable trade, but it is mostly in lumber from Washington, Oregon and California, although considerable flour is shipped, as also a limited amount of canned goods and miscellaneous wares.

There are two steamship lines regularly in this trade, and numerous sailing vessels are chartered to carry cargoes of lumber.

In addition there is an American line of steamers covering the various ports from San Francisco to Panama, which also carries passengers and cargo for trans-shipment southward at Panama.

The west coast is also served by the Panama route. There are four regular steamship lines from New York, and a couple from the Gulf, which make the connection at Colon. This route naturally takes the passengers, mails, and high-class cargo, not only from the United States but also from Europe.

From Panama southward there are two very excellent passenger and cargo lines, one English and the other Chilean, with sailings to make a weekly average; these include a fast fortnightly express service, covering the principal ports between Panama and Valparaiso in fourteen days. So it is possible to make the journey from New York to Valparaiso in twenty to twenty-one days.

In 1909, with the support of the government, a Peruvian line inaugurated a fast fortnightly service between Panama and ports of Peru. Two fine new passenger boats were put on but misfortunes soon led to a suspension of operations. This company, however, has now resumed its service, and with the building of additional steamers contemplates extending the voyages to Chile.

The matter of freight rates is another bugaboo which is constantly emphasized, to impress the American trader that we are sadly handicapped in that respect. The truth is that we pay ocean rates which, while averaging about the same as those from Europe to South America, are frequently even lower. By way of illustration, we have examples of rates current during the last year, on low class goods, as follows:

To Brazilian ports.....	Voyages of 4,000 to 5,000 miles, 15 to 18c per 100 lbs.
To River Plate ports....	Voyages of 6,000 to 7,000 miles, 16 to 20c per 100 lbs.
To Chilean ports.....	Voyages of 8,000 to 9,000 miles, 20 to 25c per 100 lbs.
To Peruvian ports.....	Voyages of 9,000 to 10,000 miles, 22 to 25c per 100 lbs.

in contrast with which graphic array we have examples of nearby rates on similar goods, such as:

Pittsburg to New York, by rail.....	about 450 miles, 10½ cents.
New York to Charleston, S. C., by sea.....	about 625 miles, 15 cents.
New York to Savannah, Ga., by sea.....	about 800 miles, 15 cents.
New York to Cuban ports, by sea.....	1,000 to 1,300 miles, 15 cents.

From this exhibit it must be seen that there is no lack of adequate transportation facilities to South America, nor that exorbitant rates prevail. And it is all done without ship-subsidy, except that enjoyed by one line under the Brazilian flag.

Quite recently a large manufacturer of automobiles, in either Michigan or Wisconsin, publicly stated that he was doing a very nice business with the Argentine; and, when asked whether shipping charges were not an impediment, he frankly stated that he was entirely satisfied, as it cost him only \$85.00 per car from his factory to Buenos Aires, whereas the freight on a similar car from his factory to San Francisco cost him \$125.00.

Much clamor is made because there are no strictly American banks in South America, and because for lack of same, we cannot foster our trade. There is nothing to hinder our capitalists from going there, if they wish to do so, and their money would be more than welcomed. But they find no special inducement in prospective profits compared with more comfortably employing their funds at home.

There are numerous first-class British banks in all the principal southern countries that afford all manner of facilities and do not abuse the confidences of their customers. Most of these have their own agencies in New York.

The German banks are aggressive for a big share of this business, but do not limit themselves to purely financial functions, for they also invade the commercial field and go out of their way to secure contracts—for local industrial enterprises for the German manufacturer, all a part of the admirable system of the Germans for Germany forever.

The French, Italian and Spanish institutions are also important factors, more particularly in east coast banking. And all the South American countries have native banks, ranging from purely local concerns up to powerful institutions that figure largely in international finance.

The advent of American banks would add nothing in facilities, or cheapness, to what is already enjoyed. Europe buys the great bulk of South American produce, also furnishes the necessary capital for both public and industrial developments, on terms not yet likely to tempt the American investor. So London, Paris and



Berlin will probably remain the international clearing houses for a long time to come.

There is already a large American banking corporation, organized particularly for Asiatic, Philippine and Panama business, which cannot finish up its business in New York, and is compelled to use London as its settling center.

There are a great many banks and private bankers in New York, as well as other American cities, only too ready to serve the reputable South American trader by discounting his drafts at six per cent per annum, plus a charge for collections which will vary from one-eighth per cent to one per cent depending upon the remoteness of the collection point. And with the pound sterling as his settling medium, he does not really suffer a loss in financing, for his bills are freely negotiable, at the current rates on London, which rates are subject to a very keen competition upon the enormous New York exchange market.

There is no doubt that the introduction of special lines of goods is greatly assisted by the special salesman, and his mission is helpful to all concerned. But there are few American commercial travelers who go out fully qualified for their missions.

The novice starts bolstered with the American idea of "get there somehow," and has his conceit of vanquishing the field easily. He has no respect for well-established conditions, and his rough effort to override these frequently results in his undoing. Seldom is he fluent in Spanish and rarely is he tolerant of customs quite strange to his habits of life. In contrast, the commercial men from Europe are patient and indulgent, for they do not expect to carry all before them.

In the South American countries, principally for the purpose to provide municipal revenue, it is customary to license all lines of business and professions, whether banks, doctors, traders or lawyers, according to a graduated schedule. So it is natural that the local tradesman, whether wholesale or retail, quite openly resents the invasion of his field of itinerant salesmen who do not carry the burden of fixed expenses. In some parts the result is a town tax levied upon all visiting salesmen, and woe to him who tries to elude this fee, for if not betrayed by his prospective customers, he will likely find that his innkeeper has privately reported him to the tax

collector, with whom he is in collusion for a share of the heavy fine then imposed.

Although the assertion is frequently made that we do not look for South American trade, the fact remains that every commercial center, in all that continent, down to towns of the sixth and seventh degree in importance, is constantly visited by American travelers, and also drummed incessantly by local salesmen, who are either Americans, or so closely represent American merchants and manufacturers, that full justice is done to such trade as far as it is possible under ever-changing conditions.

The struggle to transact the largest possible business is very keen indeed, and it is so all along the line. The competition is so close in many cases that the margin of profit reaches practically the vanishing point. American articles are prominent in this mercantile effort.

Here in our domestic trade the merchant, jobber, or manufacturer would often refuse to do business on the slender margin that the South American importer must constantly accept, in transactions of any magnitude, in competition with his British, German and other European rivals. Moreover, the merchant there has usually to extend terms of credit that would not be conceded here, and in some countries he is hazardously exposed to fluctuations in the values of the currency, much more violent than was the case of our own paper money in Civil War times. The resident South American merchant has by no means the indolent and prosperous life so often pictured of him.

We have been so fully engaged in opening up and developing our own vast country, under very profitable financial and mercantile conditions, that the inducement to put money into foreign countries, especially those to the south of us, was not tempting, compared with returns equally good and usually much safer to be found in our home markets. But latterly we have reached such a condition of industrial development, even in times of normal demand at home, that we have a surplus of manufactured goods, which more than ever forces us to seek sales in the foreign markets, and South America is now paraded as a new field for enterprise.

There is nothing mysterious about this export trade, but our

manufacturers must realize that more care is required, and that they must feel some larger responsibility, of at least a moral sort, than in our domestic sales. It should not be imagined that the customer at the other end has any respect or sentiment for the national origin of the goods he is prepared to buy. The consumer is the ordinary human being and struggles to get the best value for his money, without a care whether the article is of American or European make, so long as price, quality and style are suitable.

The proper packing of goods is certainly an important matter. It often happens that our factory people feel that almost anything is "good enough for those people down there," in which spirit the packing-room and shipping-room get rid of their work in the confidence that the goods are going so far away that any negligence can scarcely be brought home to the guilty parties. In our home trade, where freight is all charged on the weight, there is always an effort to reduce the gross weight of goods to a minimum; so boxes and other containers are made cheap, thin and light, to the limit of shipping condition tolerated by the railroad or steamboat.

Just here comes in the great difficulty of getting the American manufacturer to have his packing room distinguish intelligently between the preparation of goods for domestic trade and those intended for the foreign market. Ocean rates, except on dead-weight goods, are charged on the cubic measurement. Fragile packages, put up without regard for their bulkiness or their many rough handlings en route to destination are unsuitable for export. Frequently second-hand boxes are used and reach the steamer in such wretched condition that no carrier could be expected to sign for them as being "in apparent good order," and these often bear old shipping marks which cause confusion at all points of re-tally, and then difficulty in the South American custom house, to distinguish which mark is really intended.

It is notorious that such articles as boots and shoes, patent medicines, perfumeries, fancy soaps, etc., etc., are always liable to robberies en route, whether before or after reaching the steamer, so the packages should not have their contents "advertised" on the outside, as this is a standing invitation to loot them.

Most American manufacturers do not charge openly for packing, but it is in their prices all the same. Far better to pack well

and charge frankly for it. The European manufacturer has the reputation of good export packing, and charges for it, often quite heavily, but he always provides new packages. So we should pack properly, under reasonable charges, and try to give our foreign customers satisfaction. They would much prefer to get their goods in sound condition and on time. Claims for breakage or damage, arising from careless packing, are usually disputed and, anyhow, are disagreeable for all concerned.

As a final word on this subject, however, it is but just to state that a general complaint against the American manufacturers for bad export packing is undeserved; it is the few careless ones that cause the trouble. The British factory is often at fault for too dear and over-heavy packing, the latter a serious thing where import duties are assessed on the gross weights.

We hear criticism of the rough finish of our machinery, whereof it is contended that nothing is added to the utility, or wearing qualities of the machine, by fine finish of the invisible and non-working surfaces. It is a common practice to use a filler, for smoothing-out the rough parts of castings, and all is then nicely painted over, so that the machine may have a pleasing appearance to the customer. Sometimes before and sometimes after sale, this filling material drops off and leaves such a scarred looking machine that the customer considers he has been deceived and forms a new prejudice against American machinery.

The latest complete annual statistics on *our* trade movement are for the year 1909, and show up for the principal countries as follows:

	Exports.	Imports.
Ecuador .....	\$2,397,995	\$3,416,146
Peru .....	5,923,340	6,835,530
Bolivia .....	4,349,412 <sup>2</sup>	Negligible
Chile .....	9,601,084	19,649,707
Argentine Republic.....	43,068,829	26,066,790
Brazil .....	22,265,534	123,817,298

in which our sales consist of all sorts of goods, implements, and machinery; while our purchases were

From Ecuador, principally cocoa and rubber.

From Peru, principally copper-produce, cotton and alpaca wool.

<sup>2</sup>This is a palpable error, for \$1,500,000 is nearer the fact.

From Bolivia, practically nothing.

From Chile, mostly nitrate of soda, the balance mainly copper produce, and ores. The world's supply of nitrate of soda is absolutely monopolized by Chile, which article accounts for our comparatively large importation from that country. We *must* have it, so Chile owes us no special favor because we have to buy it of her. Leaving this article aside, she purchases from us about \$5.00 of our goods to our \$1.00 of her products.

The Argentine Republic is another example of our great lead in sales, compared with our purchases; and the figures for 1910 will prove not only much further growth but a still larger share in our favor.

In Brazil the trade balance is against us, simply because of our unavoidably enormous purchases of her coffee and rubber.

With the nearer countries of South and Central America, we enjoy such a preponderance of trade that we have no reason for complaint.

The foreign buying power of the several countries is a useful index to their trading possibilities. Taking up the official statistics and also the estimated populations, we can arrive at a per capita capacity, such as shown by the following:—

Country	Total importation for the year 1909.	Estimated population.	Imports per capita.
Ecuador .....	\$9,350,000	1,500,000	\$6.23
Peru .....	26,000,000	2,250,000	11.55
Bolivia .....	14,775,000	1,750,000	8.44
Chile .....	94,350,000	3,500,000	26.96
Argentine .....	302,750,000	7,000,000	43.25
Brazil .....	179,700,000	21,000,000	8.56

It cannot be pretended that such a table is authentic; but even approximate figures permit us to approach the facts. Those figures in the case of Argentine, which is passing through a period of great prosperity, are plausible. In Chile the people spend freely and are proverbially improvident. The other countries have not so much spending power. The tabulation, altogether, is fairly illustrative.

In all this trade, the exporting merchant is a very important factor, whether buying for his own houses or for his agents in South America or on commission for the many firms whom he may repre-

sent. This established merchant is constantly a pioneer in bringing to the notice of his South American customers the possibilities of business in new articles; or, as changing trade conditions arise, the opportunity for dealing in staple lines of American goods which had not hitherto been available on terms of competition in the foreign markets.

He is usually the man to supply the cash demanded by the manufacturer, promptly upon delivery of the goods, the merchant doing this with his own capital or making his necessary financial arrangements. In turn, he has to grant the necessary credits to his customers in South America, few of whom remit in advance; and it is generally necessary to wait for remittances until thirty, sixty or ninety days, and even six months, from the arrival there of the shipping documents, or of the goods themselves. It can be stated that the capital of a merchant exporting to South America cannot, as an average proposition, be turned over more than *twice* in twelve months!

The merchant has further to carry a direct responsibility for all his errors of omission and commission, as well as for delays in shipments arising from factory, railway or steamer disappointments; as also for mistakes in the hurried preparation of consular documents, which involve calculations from American weights into the metric system, and translations into the Spanish (or Portuguese) nomenclature of all the unending variety of articles in his invoices. He is held at least morally, and too often pecuniarily, accountable for any fluctuations in the market, whether real or fancied, that may operate to the disappointment of his customer; and he is always exposed to repudiation of his shipments, by customers over-ready to shirk their obligations on any sort of pretext, brought on by some unfavorable change in the mercantile situation or by an adverse turn in exchange there, which may lead a customer to prefer not to receive the goods.

The body of our merchants engaged in South American trade are reputable men and well regarded. Of course, in all walks of life, there are some who abuse; and it is only the occasional commission merchant, over-greedy of profit, who is responsible for the feeling of many manufacturers that the commission men altogether are highly detrimental to the trade and should be eliminated at all costs.

The merchant is under heavy expenses, which constantly tend to increase, including lavish outlay for cabling; yet his legitimate

remuneration steadily diminishes, under the sharp competition he daily undergoes. For the few large markets, capable of taking big quantities, business in staple lines seldom leaves the merchant a gross remuneration of over two per cent and he has often to work for even less than one per cent. For the purchase and shipment of miscellaneous goods, he does not average more than two and one-half per cent to three per cent, coupled with the giving of credit. In the handling of orders for small wares, such as hardware, tools, glass-ware, notions, etc., etc., his clerical work is disproportionately expensive; and the merchant is by no means recompensed by a lesser charge than five per cent although, in the stress of competition, the mistake is often made of handling such business on two and one-half per cent to three per cent commission. This multitudinous detail exposes the documentation to petty and almost inevitable errors, whether as to description, contents, or weights; and in this line of trade the customer is usually of the sort who makes claims on general principles. Were the merchant to keep close watch on the allowances he is constantly compelled to make, to satisfy such claims, it would be demonstrated to him that the business soon becomes absolutely unprofitable, when worked on a too meagre margin. In fact, even the Hamburg commission merchant, who is supposed to work for almost nothing, has now become unwilling to pare down his commissions, where the clerical cost and incidental responsibilities are so onerous.

After all, this question of credit is just about the same, whether the goods are from Germany, England, or the United States. For it is usually the merchant, or merchant-banker, who has to accommodate the customer; as the manufacturer, whether European or American, is reluctant to carry the foreign risks, or have his capital tied-up awaiting uncertain returns. In substance, the worthy South American tradesman gets about the same facilities for payment, in one or another form, whether he buys from the United States or from Europe. It is usually the unworthy customer, whether he be located in Chicago, or in Buenos Aires, that protests the loudest when a cautious merchant declines to grant him unreasonable terms.

All trade must eventually work back to the primitive law of barter, which principle leads up to a statement of the simple fact that we now buy absolutely nothing from South America unless com-

pelled to. Notwithstanding, we try to cajole ourselves into the idea that those countries really must, almost under pressure, deal with us, and should even accord us preferential trading favors not to be conceded to our commercial rivals.

The American slogan now is that we must multiply our exports to South America. Yet, do we deserve a larger share of that trade than we already hold? Do we contemplate increased bartering? Can we expect to do all the selling, that the trade shall be wholly one-sided and at that in our favor? Is not our tariff "in restraint of trade" with South America? Is not its "spirit" to buy the least possible from a customer to whom we insist upon selling much?

We already have ample shipping facilities. We also have good financing facilities. We have plenty of goods to sell. We have enterprising merchants and manufacturers. But, have we yet established the proper national policy for dealing with the South American countries? The answer is a negative one and therein is to be found the real obstacle to a fuller and more rapid development of our commerce with the southern continent.